Exhibit C

CREDIT MARKE

Treasury Prices Surge as Investors Seek Safety In Face of Steep Declines in the Stock Market

By MICHAEL S. DERBY
Dow Jones Newswires

NEW YORK—The stock market's Icarus-like descent helped to fuel a sharp rally in government-bond prices.

At 4 p.m., the price of the benchmark 10-year Treasury note was up 1 5/32 points, or $11.5625 per $1,000 face value. Its yield fell to 5.047% from 5.196% late Tuesday, as yields move inversely to prices. The 10-year note's yield most recently closed below 5% in February 1999.

Meanwhile, the 30-year Treasury bond's price was up 1 1/32 to yield 5.408%, down from 5.473% Tuesday.

When stocks fall sharply, investors often shift funds to the relative safety of the government-securities market. Such flows of money—or even just anticipation that they will happen—can lift Treasury prices broadly.

Yesterday, the Dow Jones Industrial Average plummeted 265.44 points to 10318.93, while the Nasdaq Composite index fell 178.93 points to 2332.78.

"The equities market has done a nose dive," said John Roberts, trading manager at Barclays Capital in New York. "People are starting to say, 'We need a regular old safe place to put our money.' "

Bond traders said there were clear inflows of money from stocks, particularly to the shortest Treasury maturities. That helped to push the five-year note's yield back to levels last seen in April 1999, before the Federal Reserve began lifting interest rates that year.

In contrast to the bearishness in the stock market, the bond market for the most part has been on a winning streak.

Bond investors believe flagging economic activity, coupled with declines in stocks, may spur as much as a full point of interest-rate cuts next year by Fed policy makers.

There has been "a shift in psychology" for the bond market, said Kevin Flanagan, market strategist for Morgan Stanley Dean Witter in New York. "It doesn't surprise me to see this underlying buying."

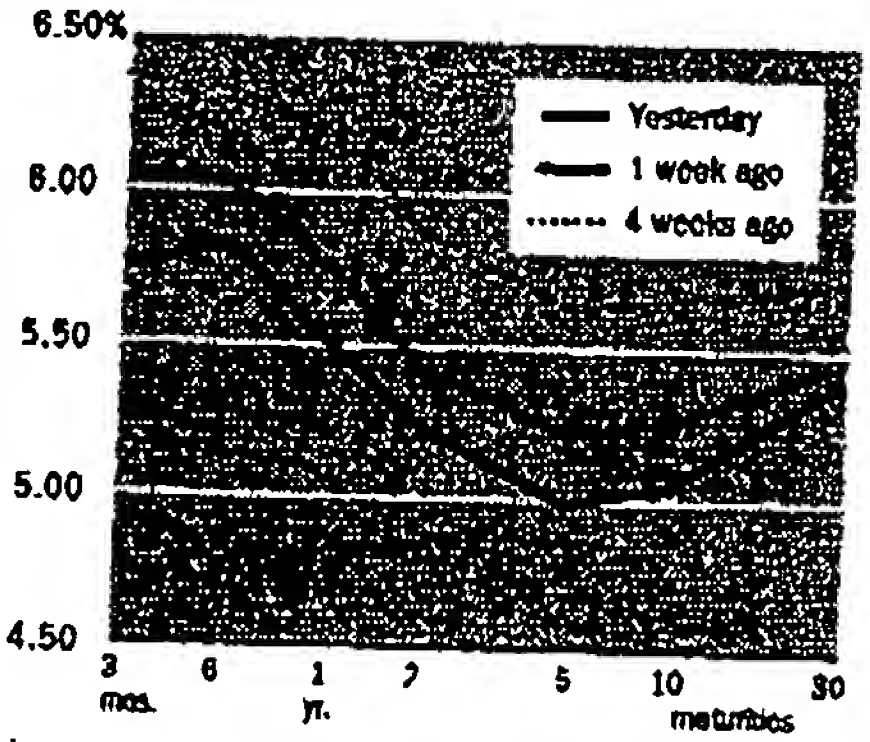
The Fed opened the door to the easing outlook Tuesday.

Although the policy-setting Federal Open Market Committee kept its overnight bank-borrowing rate target at 6.50%, it changed its policy bias toward an easing of rates from the previous inclination toward higher rates—signaling a significant change in its thinking.

In a Dow Jones Newswires/CNBC survey yesterday, economists at 21 primary-dealer firms in government securities said they now expect the Fed to trim interest rates by ½ percentage point at its next

Treasury Yield Curve

Yields as of 4:30 p.m. Eastern time



Source: Reuters

YIELD COMPARISONS

Based on Merrill Lynch Bond indexes, priced as of midafternoon Eastern time.

	12/20	12/19	52 WEEK HIGH	52 WEEK LOW
Corp.-Govt. Master	6.08%	6.17%	7.43%	6.08%
Treasury				
1-10yr	5.27	5.38	6.90	5.27
10+yr	5.50	5.56	6.93	5.50
Agencies				
1-10yr	5.97	6.07	7.65	5.97
10+yr	6.12	6.18	7.35	6.12
Corporate				
1-10 yr High Qlty	6.35	6.47	7.89	6.35
Med Qlty	7.16	7.28	8.43	7.16
10+yr High Qlty	7.24	7.30	8.24	7.24
Med Qlty	7.99	8.05	8.76	7.91
Yankee bonds (1)	6.83	6.94	8.10	6.83
Current-coupon mortgages (2)				
GNMA 7.00%	6.93	6.99	8.15	6.93
FNMA 7.00%	6.91	6.98	8.39	6.91
FHLMC 7.00%	6.95	7.01	8.41	6.95
High-yield corporates	13.73	13.74	14.17	10.77
Tax-Exempt Bonds				
7-12-yr G.O. (AA)	4.45	4.49	5.50	4.45
12-22-yr G.O. (AA)	4.99	5.03	6.14	4.99
22+yr revenue (A)	5.31	5.24	6.35	5.31

Note: High quality rated AAA-AA; medium quality A-BBB/Baa; high yield, BB/Ba-C.
(1) Dollar-denominated, SEC-registered bonds of foreign issuers sold in the U.S. (2) Reflects the 52-week high and low of mortgage-backed securities indexes rather than the individual securities shown.

scheduled policy meeting, Jan. 30 and 31. Five other firms didn't participate in the survey.

While expectations of lower interest rates have driven bond yields lower, analysts said they don't believe the Treasury market is overly optimistic.

"We don't think the market is that far ahead of itself" in pricing in significantly lower interest rates over the next year, said Marc Wanshel, an economist at J.P. Morgan in New York. His firm recently changed its interest-rate forecast to a full point of rate cuts in 2001 from a previous forecast of reductions totaling ½ percentage point for the year.

Traders said Treasurys also drew support yesterday from further purchases by investors in mortgage-backed securities. Thos...

cent days to offset the possible impact of lower interest rates on the mortgage-securities market.

However, stocks provided the main focus, and little attention was paid to a Commerce Department report showing a rise in new-housing starts last month. The government said housing starts rose 2.2% to a 1.56 million-unit rate in November, better than analysts had expected.

Also reported yesterday, the Treasury Department said the federal budget deficit totaled about $23.69 billion in November, compared with $11.3 billion in October and about $27 billion a year earlier. November's figure was smaller than the Congressional Budget Office's forecast of a $25 billion deficit.

Agency Securities

Agency yield margins to Treasurys were mixed, as the back end of the curve weakened modestly while shorter-dated securities improved in the face of the spiraling Nasdaq Composite Index.

Meanwhile, Freddie Mac said it plans to issue $90 billion in reference notes and bonds next year, a large jump from the $58 billion it sold this year.

Freddie Mac also will sell 20 billion in euro-denominated securities ($17.90 billion) as well as $3 billion to $4 billion in subordinated debt next year.

A Freddie Mac executive attributed the rise in debt issuance to three causes.

The agency missed its debt sales target this year by about $7 billion due to the political volatility, making the increase in debt seem greater, said Louise Herrle, vice president of funding and hedging at Freddie Mac. Balance-sheet growth and the rollover of $12 billion in reference notes maturing next year also play a part in the increase of debt sales, she said.

In secondary-market action yesterday, people looking for a safe place to put their money helped two- and three-year spreads to the comparable Treasury tighten by up to 0.015 percentage point, a trader said.

"The front end is king," he said, because it's a short-term safe harbor.

Among the most actively traded issues, Fannie Mae's 6.625% notes due 2010 were yielding about 0.84 percentage point more than the 10-year Treasury late in the afternoon, about 0.005 percentage point more than the spread Tuesday afternoon.

—Tyler Lifton contributed to this article.

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